

Message Text

CONFIDENTIAL

PAGE 01 STATE 086354

60

ORIGIN EA-10

INFO OCT-01 ISO-00 PM-03 L-02 INR-07 SS-15 /038 R

DRAFTED BY EA/TB:VLTOMSETH:LRR

APPROVED BY EA/TB - GEORGE B. ROBERTS

PM/ISO - MR. DWORKEN

L/SFP - MR. FIELDS

----- 026750

R 152305Z APR 75

FM SECSTATE WASHDC

TO AMEMBASSY BANGKOK

C O N F I D E N T I A L STATE 086354

STADIS////////////////////////////////////

E.O. 11652: GDS

TAGS: MARR, TH

SUBJECT: TAX RELIEF FOR DOD CONTRACTORS IN THAILAND

REF: A. BANGKOK 2194; B. CINCPACAF 270300Z FEB 75;
C. DCRUSACC 132200Z FEB 75; D. CINCPAC 110421Z
MARCH 75

1. YOU WILL BE RECEIVING IN A SEPARATE MESSAGE A RESPONSE TO REF A. YOU ARE ALREADY AWARE OF SOME OF THE PROBLEMS (REFS B,C, AND D) WE HAVE ENCOUNTERED IN BRINGING THE MILITARY SERVICES ALONG ON WHAT WE REGARDED AS AN EMINENTLY SOUND FALL-BACK POSITION FOR OUR CONTINUING NEGOTIATIONS WITH THE THAI (PARA 3, REF A). THE POSITION TAKEN BY PACAF AND CINCPAC WAS ESPECIALLY DISAPPOINTING IN VIEW OF THE EFFORTS MADE BY FIELDS DURING HIS VISIT TO HONOLULU WHERE HE THOUGHT HE HAD SECURED SUPPORT FOR THE TACTICAL APPROACH WORKED OUT EARLIER IN BANGKOK.

2. WE WERE ABLE TO OVERRIDE HERE THE AIR FORCE OBJECTION TO
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 086354

GOING TO A GOVERNMENT-TO-GOVERNMENT OR SERVICE-LEVEL

ARRANGEMENT BUT THE ARMY SUBSEQUENTLY HAD RESERVATIONS ABOUT SUCH AS ARRANGEMENT ON THE GROUNDS THAT IT WOULD POSE PROBLEMS FOR CONTINUED USE OF THE COMMUNICATIONS SYSTEM FOR CLASSIFIED PURPOSES. WE POINTED OUT THAT WE WOULD FACE THE

SAME POTENTIAL DIFFICULTIES IN THE EVENT THE PRESENT FEC CONTRACT WERE SHIFTED TO A THAI ENTITY AS WE HAVE PROMISED TO DO IN RETURN FOR TAX RELIEF.

3. THE ARMY IS STILL PONDERING THAT REVELATION BUT IN THE MEANTIME WE ARE FACED WITH THE NECESSITY OF INSTRUCTING THE SERVICES TO TAKE THE NECESSARY STEPS FOR A SHIFT TO AN IN-HOUSE OPERATION UPON THE EXPIRATION OF THE CURRENT CONTRACTS IN THE EVENT A TIMELY RESOLUTION OF THE TAX ISSUE CANNOT BE ACHIEVED. WE THEREFORE AGREED TO LANGUAGE IN THE JOINT STATE/DEFENSE MESSAGE WHICH YOU WILL RECEIVE THAT LEAVES THE DOOR OPEN FOR A SUGGESTED COMPROMISE FROM THE THAI SIDE, INCLUDING A GOVERNMENT-TO-GOVERNMENT OR SERVICE-LEVEL ARRANGEMENT, BUT DOES NOT AUTHORIZE YOU TO TAKE THE INITIATIVE IN MAKING SUCH A PROPOSAL. WE REALIZE THIS WILL MAKE YOUR JOB MORE DIFFICULT. WE LEAVE TO YOUR JUDGEMENT THE BEST MEANS OF GETTING THE THAI TO MAKE AN ACCEPTABLE COUNTER-PROPOSAL, INCLUDING A GOVERNMENT-TO-GOVERNMENT OR SERVICE-LEVEL ARRANGEMENT.

4. AT THE LAST MINUTE INSISTENCE OF ISA, WE ALSO AGREED THAT WE WOULD POSTPONE NOTIFYING THE THAI OF OUR INTENTION TO IMPLEMENT CONTINGENCY PLANS TO GO IN-HOUSE UPON EXPIRATION OF THE CURRENT CONTRACTS AND INVITING FROM THEM A SUGGESTED COMPROMISE UNTIL WE HAVE TALKED TO THE THAI ABOUT THE LARGER ISSUE OF THE FUTURE OF OUR MILITARY PRESENCE IN THAILAND. WE POINTED OUT THAT WE CANNOT DELAY MUCH LONGER, ALTHOUGH WE CAN APPRECIATE THE DESIRABILITY OF TAKING UP POLITICO-MILITARY SUBJECTS WITH THE NEW GOVERNMENT IN THE ORDER OF THEIR IMPORTANCE, AND ONCE THE FIRST ROUND OF TALKS ON FORCE LEVELS ARE BEHIND US, YOU NEED NOT WAIT ANY LONGER THAN YOU DEEM APPROPRIATE BEFORE RAISING THIS MATTER WITH THE THAI.

5. WE JUST RECEIVED BANGKOK 6439. WE TRUST THE JOINT
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 086354

STATE/DEFENSE MESSAGE WILL NOT BE AT VARIANCE WITH YOUR
RECOMMENDATIONS. KISSINGER

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MILITARY EXPENDITURES, MILITARY PROCUREMENT, TAX RELIEF, SERVICE CONTRACTS
Control Number: n/a
Copy: SINGLE
Draft Date: 15 APR 1975
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE086354
Document Source: CORE
Document Unique ID: 00
Drafter: VLTOMSETH:LRR
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750132-0052
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750447/aaaabshy.tel
Line Count: 109
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: STADIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: STADIS
Reference: 75 BANGKOK 2194, 75 CINCPACAF 270300Z, 75 FEB 75
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 23 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23 JUL 2003 by CunninFX>; APPROVED <21 NOV 2003 by CunninFX>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: TAX RELIEF FOR DOD CONTRACTORS IN THAILAND
TAGS: MARR, TH, US
To: BANGKOK
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006